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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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March 6, 1971

MEMORANDUM FOR

Deputy Secretary of Defense David Packard
Under Secretary of State John N. Irwin
Chairman, Joint Chiefs of Staff Admiral
Thomas H. Moorer
Director, Central Intelligence Richard Helms

SUBJECT: U.S. China Policy: Issues Paper (NSSM 106)

Attached is an Issues Paper on U.S. China Policy, prepared by the Department of State as a companion piece to the response to NSSM 106, which was circulated on February 22.

This issue will be discussed by the Senior Review Group on Tuesday, March 9.

WDavis
Jeanne W. Davis
Staff Secretary

Attachment

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2

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ISSUES PAPER--DEPARTMENT OF STATE
NSSM 106--UNITED STATES CHINA POLICY

The Basic Issue: What Price Improved US-PRC Relations and
a More Constructive International Role
for Peking?

President Nixon has said, "In this decade...there will be no more important challenge than that of drawing the People's Republic of China into a constructive relationship with the world community, and particularly with the rest of Asia.... The evolution of our dialogue with Peking cannot be at the expense of international order or our own commitments.... We will continue to honor our treaty commitments to the security of our Asian allies."*

The fundamental issue of this review (NSSM 106) is to determine how far we can and should go within the broad parameters set by the President in attempting to achieve our policy goals of improving our bilateral relationship with Peking and making it possible for Peking to play a constructive role in the family of nations.

A. The US Military Presence on Taiwan: Should we reduce it?
If so, unilaterally or only on a quid pro quo basis?

Peking has long insisted that the US must end its "occupation" of Taiwan as the sine qua non for significantly improved US-PRC relations. While the precise meaning of this demand is unclear, Peking has made it clear that at a minimum this means removal of the US military presence from Taiwan and the Straits area. It could also include terminating our 1954 Mutual Defense Treaty with the GRC, although Peking has never referred to this treaty in demanding our military pullout.

The Interdepartmental Group assumed that for the period of this study (i.e., the next eight years) we would maintain our security commitment to the GRC and agreed that "pending a

*United States Foreign Policy for the 1970's, February 25, 1971

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2

peaceful resolution of the Taiwan issue the US must maintain ready and quick access to bases and facilities on Taiwan regardless of the level of our military presence." Within that framework a key issue before the SRG is whether in our effort to test Peking's willingness to set aside the Taiwan issue and improve relations with us, we should significantly reduce our military presence on Taiwan and if so whether such a move should be done unilaterally or on a quid pro quo basis. The problem is not only political, but hinges on a judgment about the importance of our military presence on Taiwan to our overall defense strategy in the Western Pacific under the Nixon Doctrine.

One view of this problem holds that our military presence on Taiwan results from long-standing tensions in US-PRC relations and that our presence there should continue as long as these tensions continue. The corollary of this view holds that we must extract a quid pro quo from Peking before beginning a reduction of our military presence on Taiwan. A contrary view argues that current tensions in US-PRC relations stem from several factors of which the most important, by Peking's own definition, is the continued US military presence on Taiwan and in the Strait. This view holds that a significant reduction in our military presence--without impairing our defense commitment or our ready access to bases and facilities--would be a useful test of Peking's willingness to improve relations on an issue which is of key importance to the PRC. It argues that a demand for a quid pro quo would be unproductive since Peking views our presence as unilateral interference in China's domestic affairs and as US "occupation" of Chinese territory. According to this view since much of our current force level on Taiwan is in support of Indochina operations, it should be reduced as the Indochina conflict winds down.

With regard to the question of the importance of our military presence on Taiwan to our overall defense strategy in the Western Pacific, one view is that Taiwan is so strategically located that our facilities there are essential to fulfilling our regional defense commitments. Furthermore, this view holds that our presence on Taiwan will assume even greater importance as our bases in Japan, Okinawa and Indochina

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3

are cut back, so that in the future it might be necessary to increase our military presence there. A contrary view recognizes the strategic location of Taiwan and the convenience it offers for military facilities related to present and future theater requirements. However, this view holds that to maintain our present force level on Taiwan--worse yet, to increase that level--would cost us a prohibitive political price by precluding the possibility of improving relations with the PRC or even testing for that possibility. This view holds further that a reduction of our military presence on Taiwan would be consistent with the Nixon Doctrine and could be made in such a way that it would not seriously damage the morale of our Asian allies or our ability to meet our defense commitments to them.

B. GRC Claim to be the Government of all China

As the problem of Chinese Representation in the UN attracts greater attention, we will face greater pressures to clarify our position on the GRC's claim to be the sole legitimate government of all China. We can continue to remain silent regarding the GRC claim, noting that we have diplomatic relations only with the GRC but making clear that we deal with the PRC on matters of mutual interest. Alternatively, we could decide to support the GRC claim or to dispute it explicitly. To support the GRC claim would place the greatest strain on US-PRC relations, foreclose several options on the future status of Taiwan and render virtually impossible any US moves toward dual representation in the UN. To dispute the GRC claim would greatly strain US-GRC relations and would virtually foreclose the possibility of persuading the GRC to acquiesce in a dual representation formula at the UN.

C. The Future Status of Taiwan

There are a number of factors complicating our consideration of this issue: the claim of both the PRC and the GRC that Taiwan is a part of China; the attitudes of the 12 million native Taiwanese, the majority of whom would probably oppose a settlement placing Taiwan under PRC control; the history of Taiwan for most of the past 75 years, during which the trend

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4

has been toward separation from mainland control; the basic need of the GRC to avoid being placed in the position internationally of an exile government and domestically of lacking a rationale for the mainlander monopoly of power; and Peking's apprehension that the US seeks to separate Taiwan permanently from the mainland for use as a military base. We can continue to consider the question of Taiwan's future as a matter for resolution by the parties directly concerned but to insist that such resolution should be by peaceful means. Alternatively, we could acknowledge that Taiwan is part of China, but that its relationship to the mainland should be determined peacefully by the parties concerned; or take the position that Taiwan is an independent entity with the GRC as the de facto government and maintain our defense commitment. The first alternative would, unless we reassert that the GRC is the government of all China, weaken politically and legally the basis of our commitment to the defense of Taiwan and could prejudice our ability to maintain relations with and support the GRC internationally. The second alternative would be regarded by the GRC and the PRC as an unfriendly act and damage relations with each.

D. Chinese Representation in the UN

See Issues Paper for NSSM 107.

E. Relaxing Trade and Travel Restrictions

U/SM 91 deals with this whole range of issues. Based on U/SM 91 the NSC Under Secretaries Committee has recommended certain steps as a means of demonstrating to Peking and the world our desire to improve practical relations with the PRC. The basic issue here is whether or not we should move toward comparability with the USSR in export restrictions to be applied to the PRC. One view of this problem is that movement toward approximately the same treatment for both the PRC and the USSR would help clear the atmosphere for improving relations with the PRC, which resents the discriminatory aspect of the difference in controls applied to the PRC as compared with those applied to the USSR. A contrary view is that to apply "USSR-level" restrictions on trade with the PRC would be

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5

contrary to our interests by permitting trade in goods which could be considered strategic because of the PRC's technological backwardness.

F. Arms Control and China

The issue posed in NSSM 106 is whether it would be useful to take initiatives toward the PRC in the area of arms control as part of our attempt to improve relations. All agree that the PRC may be unwilling to discuss arms control with us and that such discussions, if they occur may not yield substantial results. One view of this issue is that in the absence of a substantial change in the attitude and actions of the PRC toward the US and the PRC's Asian neighbors, there is very little prospect for arms control initiatives serving as a political vehicle for improved relations. This view also argues that arms control initiatives toward the PRC could weaken our Asian allies' confidence in us and possibly also have a detrimental effect on the outcome of the SALT talks.

An opposite view is that arms control initiatives would be consistent with our stated policy of seeking more normal relations with the PRC and reducing our military presence in Asia. This view argues that arms control initiatives are indeed an appropriate vehicle for pursuing political goals and that they could be handled in such a way as to avoid undermining the confidence of our Asian allies. This view further contends that none of the initiatives suggested in NSSM 106 would affect SALT adversely, and that successful arms control discussions with Peking could strengthen our hand in seeking to keep Japan and India from "going nuclear."

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